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Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 ACDA-12
CIAE-00 INR-07 IO-13 L-03 NSAE-00 NRC-05 SOE-02
DODE-00 DOE-11 SS-15 SP-02 SSO-00 NSCE-00 INRE-00
DOEE-00 H-01 /099 W
----------029128 171024Z /17
O 170830Z JAN 78
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 4508
INFO AMEMBASSY VIENNA IMMEDIATE

C O N F I D E N T I A L BELGRADE 0288

USIAEA

DEPT FOR OES (NOSENZO)

E. O. 11652: GDS
TAGS: PFOR, ENRG, YO
SUBJ: KRSKO NUCLEAR FUEL LICENSE

REF: A) STATE 306255, (B) STATE 306254

1. SUMMARY: AMBASSADOR KLJUN INFORMED US THAT GOY HAD NOT FORMULATED A RESPONSE TO PROPOSED SOLUTION ON KRSKO FULL LICENSE. HE WAS UNABLE TO SPECUALTE ON HOW THE GOY WOULD REACT. HE HOPED ISSUE COULD BE RESOLVED EITHER BEFORE OR DURING TITO VISIT. KLJUN EMPHASIZED THAT YUGOSLAVIA SHOULD RECEIVE CONDITIONS NO LESS FAVORABLE THAN ACCORDED OTHER NATIONS SUCH AS INDIA AND BRAZIL. ON SEPARATE OCCASIONS, A REPORTER INDICATED KNOWLEDGE OF PLANNED NEGOTIATIONS ON LICENSE AND A GOY NUCLEAR ENERGY COMMISSION OFFICIAL STATED THAT YUGOSLAVIA WANTED TO RETAIN THE OPTION OF REPROCESSING AND RECYCLING ON ECONOMIC GROUNDS. PLEASE PROVIDE INFORMATION FOR KLJUN ON CONDITIONS ACCEPTED BY INDIDA FOR DELIVERIES OF NUCLEAR FUEL AND HEAVY WATER. END SUMMARY.
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1. ON JANUARY 12, FSFA NUCLEAR AFFAIRS COORDINATOR EDWARD KLJUN AND FSFA NORTH AMERICAN AFFAIRS (ECONOMIC) COUNSELOR, BOGDAN KOSTIC, HAD LUNCHEON MEETING WITH AMBASSADOR AND OTHER PRINCIPAL EMBOFFS DEALING WITH KRSKO. KLJUN SAID GOY HAD NOT YET FORMULATED A RESPONSE TO THE POSSIBLE SOLUTIONS PROPOSED AT THE DECEMBER 19-22 DISCUSSIONS (REFS A & B).

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KLJUN WAS UNABLE TO PROVIDE NEW INFORMATION AND UNWILLING
TO HAZARD A PREDICTION ON HOW HIS GOVERNMENT WOULD REACT.

2. KLJUN REPEATED GOY HOPE THAT KRSKO LICENSE ISSUE COULD BE
RESOLVED BEFORE OR INDEED DURING THE TITO VISIT TO WASHINGTON
IN EARLY MARCH. AFTER ALL, HE REASONED, NUCLEAR EXPORT
ISSUES WERE RESOLVED ON THE VANCE TRIP TO BRAZIL, THE CARTER
TRIP TO INDIA AND IRAN, AND OF COURSE THE MONDALE TRIP TO
YUGOSLAVIA. HE BELIEVED THAT THE USG WOULD BE MORE FLEXIBLE
AT HIGH LEVELS AND CITED CARTER-KARDELJ CONVERSATION LAST
SEPTEMBER. WE SOUGHT TO DAMPEN HIS CONFIDENCE IN THIS
APPROACH AND POINTED OUT THAT THE TWO PRESIDENTS WOULD HAVE
OTHER THINGS TO DISCUSS AND THAT A SATISFACTORY SOLUTION
SHOULD BE NEGOTIATED BEFORE THE VISIT. KLJUN SEVERAL TIMES
MENTIONED A 30-YEAR SUPPLY ARRANGEMENT IN THE CONTEXT OF
DEALING WITH OUR BILATERAL CONCERNS, AND ANSWERED IN THE
AFFIRMATIVE WHEN ASKED WHETHER THE 30-YEAR APPROACH MIGHT
OFFER AN OPPORTUNITY FOR REACHING EVENTUAL AGREEMENT.

3. IN KLJUN'S VIEW, A KEY CONSIDERATION IN THE FORTH-
COMING NEGOTIATIONS WAS THAT YUGOSLAVIA RECEIVE CONDITIONS
NO LESS FAVORABLE THAN THOSE ACCORDED OTHER NATIONS, THAT
YUGOSLAVIA NOT BE CONSIDERED IN SAME SITUATION AS QUESTIONABLE
COUNTRIES SUCH AS SOUTH AFRICA, PAKISTAN, AND EVEN BRAZIL,
AND THAT YUGOSLAVIA SHOULD RECEIVE A KIND OF "MOST FAVORED
NATION" CLASSIFICATION. ON THE LATTER, HE SPOKE OF "MFN"
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STATUS IN THIS REGARD AS THOUGH ALREADY AGREED UPON DURING THE
RECENT WASHINGTON TALKS. WE POINTED OUT THAT IRAN, ALSO A
NPT-SIGNATORY, HAD ACCEPTED CONDITIONS IN ACCORD WITH THOSE
NOW CONTAINED IN THE ANTIPROLIFERATION BILL BEFORE THE CONGRESS.

4. KLJUN DWELT, INSTEAD, ON INDIA. ACCORDING TO HIS INFORMATION,
THE INDIANS DID NOT AGREE TO ADDITIONAL CONDITIONS IN ORDER
TO OBTAIN THE APPROVAL FOR EXPORT OF U.S. NUCLEAR FUEL AND
HEAVY WATER. HE ASKED WHAT WERE THE CONDITIONS, WHICH WE
PROMISED TO TRY TO OBTAIN FOR HIM. WE REPLED THAT, ACCORDING
TO THE WIRELESS FILE, THE INDIANS AGREED TO INTER-
NATIONAL SAFEGUARDS ON ALL PEACEFUL NUCLEAR FACILITIES
PROVIDED THE UK, USSR AND US SIGN THE COMPREHENSIVE
TEST BAN.

5. KLJUN ADDED AN INTERESTING OPINION THAT HE WAS
CONFIDENT THAT INDIAN PRIME MINISTER DESAI WOULD SIGN THE
NPT, IF HE COULD AVOID DOMESTIC POLITICAL OPPOSITION BY
SOME INTERNATIONAL MECHANISM, PERHAPS AFTER THE CONCLUSION
OF INFCE AND A SUCCESSFUL CONFERENCE ON NONPROLIFERATION AND
NUCLEAR TECHNOLOGY TRANSFER. KLJUN WHO WAS MINISTER COUNSELOR
IN NEW DELHI FOR FOUR YEARS, CLAIMED TO KNOW DESAI.

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6. ON SEPARATE OCCASIONS, A LOCAL STRINGER FOR MCGRAW HILL INDICATED ON JANUARY 13 THAT SHE KNEW OF THE FORTHCOMING NEGOTIATIONS ON THE LICENSE ISSUE AND A WELL-PLACED NUCLEAR EXPERT ON THE GOY NUCLEAR ENERGY COMMISSION STATED TO A VISITING US CONGRESSMAN ON JANUARY 11 THAT YUGOSLAVIA WANTED TO RETAIN THE OPTION OF REPROCESSING SPENT FUEL FROM KRSKO FOR RECYCLE IN POWER REACTORS. HE SAID THAT SUCH AN OPTION WOULD BE CHOSEN ONLY AFTER EXTENSIVE ECONOMIC ANALYSES. COMMENT: THE NUCLEAR ENERGY COMMISSION HAS A STRONG INFLUENCE ON THE GOY'S DECISION-MAKING ON NUCLEAR AFFAIRS. IT WAS HERE THAT THE DECISION ON PARTICIPATING IN INFCE WAS HELD UP DESPITE EARLY FOREIGN OFFICE APPROVAL. NEVERTHELESS, THE ULTIMATE DECISION ON THE LICENSE, AS IT WAS ON INFCE, CONFIDENTIAL

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WILL BE MADE ON POLITICAL GROUNDS.

7. ACTION REQUESTED: PLEASE FORWARD INFORMATION ON CONDITIONS ACCEPTED BY INDIA FOR DELIVERIES OF ENRICHED URANIUM AND HEAVY WATER. ALSO, WITH REFERENCE TO PARA 3 ABOVE, PLEASE CLARIFY OUR POSITION ON UNDERSTANDING REACHED DURING KLJUN'S WASHINGTON TALKS REGARDING "MFN" CONDITIONS FOR YUGSOLAVIA.
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Status: NATIVE
Subject: KRSKO NUCLEAR FUEL LICENSE
TAGS: PFOR, ENRG, YO
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